



THE CITY OF SAN DIEGO **MANAGER'S REPORT**

DATE ISSUED: January 3, 2001 REPORT NO. 01-001

ATTENTION: Honorable Mayor and City Council
Docket of January 9, 2001

SUBJECT: CAMBRIDGE SQUARE, TENTATIVE MAP/MID-CITY
COMMUNITIES DEVELOPMENT PERMIT/RESOURCE
PROTECTION ORDINANCE PERMIT (TM/MCD/RPO) NO. 96-7749,
City Council District 3, Process 4

REFERENCE: Planning Commission Report No. P-98-146, Agenda of November 2, 2000

OWNER/
APPLICANT: Mayfair Homes, Mehran Saberi, President

SUMMARY

Issues - Should the existing Elk's Lodge building, a designated local historical resource, be demolished to allow the construction of 34 residential condominiums, 2-4 stories over an underground garage, on a 0.69 acre lot?

Manager's Recommendation - Approve demolition of the Elk's Lodge building and the construction of 34 residential units.

Planning Commission Recommendation - On November 2, 2000, the Planning Commission voted 4-0-0 to recommend approval of the project.

Community Planning Group Recommendation - On November 7, 2000, the Uptown Community Planning Committee voted 11-0-1 to oppose the project and demolition of the Elks Lodge, and to support the adaptive reuse of the existing structure.

Historical Resources Board Recommendation - On October 26, 2000, the City of San Diego Historical Resources Board voted 9-0-1 to recommend approval of the project.

Environmental Impact - The City of San Diego as Lead Agency under CEQA has prepared and completed EIR No. 96-7749, dated October 4, 2000, and a Mitigation, Monitoring, and Reporting Program, and Findings and Statement of Overriding Considerations covering this activity.

Fiscal Impact - All processing costs for this project are recovered from a deposit account funded by the applicant.

Code Enforcement Impact - None.

Housing Affordability Impact - Not applicable with this project. All units will be sold at market rate.

BACKGROUND

This is an application for a Tentative Map (TM), Mid-City Communities Development Permit (MCDP), and Resource Protection Ordinance (RPO) Permit to demolish the existing Elk's Lodge building and construct a two to four story, 34-unit residential condominium project over an underground garage, on a 0.69 acre lot at 2720 Fourth Avenue. The project has three street frontages: Third Avenue, Nutmeg Street, and Fourth Avenue. The west half of the project site is zoned MR-800B, and the east half is NP-1. Each half of the project site would allow a maximum of 25 units for a total of 50 dwelling units.

The surrounding neighborhood contains an eclectic mix of structures of various scale, massing, and materials, with no unifying architectural theme. Existing buildings within the immediate area range from one to four stories in height. The proposal will place two buildings on the site around a brick courtyard with a fountain at the center. A six unit two-story townhouse building is proposed along Third Avenue. A "U" shaped four story building with 28 units would front Fourth Avenue and wrap around towards Third Avenue. Overall, the project would have 24 two-bedroom units and ten three-bedroom units.

The project requests three deviations from the regulations of the Mid-City Communities Planned District Ordinance (MCPDO). The deviation requests trigger the requirement for a MCDP. The Municipal Code allows deviations from certain development regulations within the PDO, provided that the project meets the purpose and intent of the MCPDO, and findings for a MCDP can be approved. The three requested deviations are: (1) to exceed the 0.75 floor area ratio (FAR) limitation of the front 40 percent of a lot in the MR-800B zone (Third Avenue); (2) to exceed the diagonal plane dimension along Third Avenue ; and (3) to reduce the required yard requirement on Third Avenue.

The Resource Protection Ordinance (MC§101.0462.0006.12) states that development that affects significant historic sites and resources are subject to a RPO permit. Located on the project site, and proposed for demolition, is the Elks Lodge/Mitchell Residence. Constructed in 1905, this

building was designed by prominent San Diego architects William Hebbard and Irving Gill. It was designated as a historical resource by the Historical Resources Board (HRB) on May 20, 2000. The proposal to demolish the historical resource requires a RPO permit. Please see the project Environmental Impact Report (EIR) for detailed historic information about the property. The final EIR was distributed on October 4, 2000.

Although the HRB designated the Elks Lodge building as a historical resource, they also voted to recommend approval of the project. Their discussion indicated a concern that their positive recommendation may result in the demolition of a historical structure. Their 9-0-1 vote was based on two main points of discussion: 1) the conclusions of economic feasibility analysis submitted by the applicant that an adaptive reuse option is not economically feasible, and 2) the partial mitigation of the significant historic impact of the project. The partial mitigation is discussed in the MMRP (EIR Attachment) and the Draft Permit (Attachment 5).

The Planning Commission approved the demolition of the Elk's Lodge and the construction of the 34-unit residential condominium project by a vote 4-0-0 on November 2, 2000. Their vote was based on the conclusions of the economic feasibility analysis that an adaptive reuse option is not economically feasible, and would cause the applicant economic hardship. On November 17, 2000, the Planning Commission decision was appealed to the City Council (Attachment 7). The appeal states that the project is not in compliance with the goals and objectives of the General Plan and the Uptown Community Plan relating to the preservation of historical resources.

The Uptown Community Planning Committee voted 11-0-1 on November 7, 2000, to oppose the construction project and the demolition of the Elks Lodge, and to support the adaptive reuse of the existing structure. This vote took place after the Planning Commission approval of the project, and differs from the planning group's previous vote of 8-1-3 to recommend approval on July 6, 1999, as stated in the Planning Commission report. The vote change reflects the controversy the project has generated within the planning group, changes in Board officers, and the planning group's review of documents that were not available during the first vote: the EIR's Findings and Statement of Overriding Considerations (SOC), and the conclusions of the economic feasibility analysis. These documents are both attachments to the EIR.

DISCUSSION

The first deviation requested by the applicant is to exceed the 0.75 FAR limitation for the front 40 percent of the Third Avenue frontage. This requirement would limit development within the front 40 percent of the project site to 4,500 square-feet where 7,360 square feet is proposed. The second deviation is to allow a minor increase in the diagonal plane dimension of the building along Third Avenue. The diagonal plane for the building fronting Third Avenue is limited to 127.5 feet; the project proposes 133.5 feet (six percent increase). The third deviation is to allow a reduction in the 3,000 square-feet street yard requirement along Third Avenue. The project proposes 2,690 square-feet.

The FAR limitation and diagonal plane dimension deviations are not considered significant because the MCPDO regulations contemplates larger multifamily projects at this location. The applicant has limited the project density to 68 percent of the maximum number of residential units permitted by the underlying zones. In addition, the bulk of the density is setback from Third Avenue. There are six two story townhome units proposed along Third Avenue. The structure's design allows each unit to have direct street access. The proposed structures are well articulated and in scale with the immediately adjacent one and two story developments across Third Avenue. The Third Avenue street yard deviation is also not considered significant because the project's three street frontages provide a greater overall street yard than a typical multifamily project. The typical multifamily project would only have one or two street frontages. The deviation is also relatively minor (about 10 percent).

The appeal of the Planning Commission approval states that the project would result in "significant, direct, and cumulative impacts" to the City's historical resources. According to the appeal, the demolition represents a "significant unmitigated land use impact" inconsistent with the goals and objectives of the General Plan and the Uptown Community Plan" that "calls for the reuse of historic residences and the preservation of historic structures at their original locations."

The EIR is in agreement with the appellant that the project would result in significant environmental impact to historical resources. The significant impact would not be mitigated to below a level of significance, although the proposed Mitigation, Monitoring and Reporting Program (MMRP) would reduce the impact. The California Environmental Quality Act (CEQA) allows approval of projects with significant environmental impacts if one or more written findings for each significant effect is made. The EIR includes candidate SOC findings for the City Council's consideration (attached to EIR).

In support of the SOC, an MMRP has been included as conditions of permit approval. The MMRP requires the preparation and submittal of a Historic American Building Survey (HABS), in accordance with the Secretary of Interior's Standards, a historical monitoring program during the demolition of the Mitchell Residence, and the inclusion of notable features of the historic structure in the design of proposed project. The new structure is intended to present a contemporary interpretation of the architectural style of the Mitchell Residence, which is "Tudor Revival with influences from the Arts and Crafts movement." Notable features incorporated into the proposed development include multiple gabled roof patterns, brick veneer chimneys, woodworked brackets, exposed rafter tails, solid brick veneer piers, and bay windows. Salvageable brick from the existing structure would be used for the new site wall. In addition, the project conditions also require that a commemorative plaque identifying the site as the location of the historic Mitchell Residence be installed on the perimeter wall of the project.

The Uptown Community Plan (Page 75) encourages reuse and preservation of historical resources by setting objectives and recommendations, such as the creation of preservation districts and the implementation of incentives. Recommendations include the creation of preservation strategies, and additional development regulations; and the identification of

historical resources (surveys) and program funding sources. The Community Plan's discussions regarding historic preservation are consistent with the General Plan's objectives and recommendations to manage San Diego's historical resources. To implement these goals and objectives, the City has created a Historic Site Board (now the Historical Resources Board) and implemented the Resource Protection Ordinance (RPO, now the Historical Resource Regulations) to protect and preserve significant historical resources.

The Resource Protection Ordinance stipulates that "development is not permitted in significant historic sites unless all feasible measures to protect and preserve the significant historic resource are required as a condition of development approval" (MC§101.0462.0007.4). When there are no feasible measures to protect and preserve the special character of the historic resource, a RPO permit may be issued to permit development on the site if findings of Alternative Compliance are made (MC§101.462.0011 and .0012). "Feasible" is defined as methods "capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, legal, social and technological factors" (MC§101.0462.0006.5). This definition is consistent with CEQA requirement for the SOC.

Development plans may be approved through Alternative Compliance where it appears from evidence presented in public hearings that the strict application of RPO would either: (1) result in unnecessary hardship to the applicant; (2) create results in conflict with City Council policy, the Progress Guide and General Plan or any adopted community plan; or (3) preclude provision of extraordinary benefit to the general public (MC§101.0462.0012).

The applicant has prepared an economic feasibility analysis which analyzes the economic feasibility of rehabilitation and several reuse alternatives which would allow the Elk's Lodge to remain (Attachment 6). Rehabilitation and reuse alternatives analyzed include (1) continued use by a non-profit organization, (2) a bed and breakfast, (3) office use, (4) a restaurant, (5) conversion to 12-residential condominium units, (6) conversion to six condominium units with six additional units on site. None of these rehabilitation/adaptive reuse scenarios are considered to be economically feasible as their return on investment is not considered reasonable or sufficient to justify the investment. Alternative Compliance under RPO, certification of the EIR, and approval of the SOC and MMRP is necessary to prevent unnecessary hardship to the applicant.

The purpose and intent of the MCPDO and the Uptown Community Plan is to encourage development compatible with the pattern of existing neighborhoods. Its standards are intended to support a variety of housing types that are functional, and street-friendly by the provision of active, accessible and surveillable streets and street yards. This project provides such opportunities.

CONCLUSION

The project applicant has provide information that substantiates hardship associated with preservation of the existing structure. In addition, the project is consistent with the purpose and intent of the MCPDO and staff believes that the Alternative Compliance findings under RPO can be made. Staff, therefore, recommends approval of the proposed project.

ALTERNATIVES

Do not approve the demolition of the existing structure and do not approve the proposed residential development.

Respectfully submitted,

Tina P. Christiansen, AIA
Director, Planning and Development Review

Approved: George I. Loveland
Assistant City Manager

CHRISTIANSEN:JB

Attachments: 1. Location Map
2. Project Data
3. Project Plans
4. Draft Map Resolution and Conditions
5. Draft MCD/RPO Permit and Conditions
6. Draft Resolution of Approval
7. Appeal
8. Ownership Disclosure

Note: Attachments 1, 3, 7, and 8 are not available in electronic format. Copies are available for review in the Office of the City Clerk.